



**Minutes of a meeting held remotely of Audit Committee held on Thursday, 28 January 2021.**

Councillors present:

Patrick Coleman – Chair

Stephen Andrews

Nick Maunder (left 6.34pm)

Tony Berry

Ray Theodoulou

Roly Hughes (left 6.57)

Officers present:

Deputy Chief Executive

External Auditors – Grant Thornton

Assistant Director - SWAP

Contracts Business Manager

Chief Accountant

ICT Audit and Compliance Manager

Accounting Technician

Monitoring Officer

Senior Procurement Business Partner

Democratic Services

Managing Director, Ubico

Observers: Councillor Mike Evely

**1 Apologies**

Apologies were received from Councillor Mark Harris.

**2 Substitute Members**

There were no substitute arrangements in place.

**3 Declarations of Interest**

Councillor Berry confirmed he was the interim Chair of the Friends of the Corinium Museum.

**4 Minutes**

**RESOLVED** that the minutes of the meeting of Committee held on 26 November 2020 be approved.

**Record of Voting** - for 5, against 0, abstention 0, absent 2. One Councillor joining following the vote on the minutes.

## **5 Chair's Announcements**

The Chair announced that the Assistant Director, SWAP would only attend the meeting for the Internal Audit Progress Report Item.

## **6 Public Questions**

No questions had been received from the Public.

## **7 Member Questions**

No questions had been received from Members.

## **8 Internal Audit Progress Report**

The Assistant Director, SWAP, introduced the report, highlighting that during the pandemic, continuous assurance reporting had taken place within areas such as accounts payable/receivable and payroll, any concerns were brought to the attention of the Chief Finance Officer. The team had also been involved in processing business grants, through to payment. The audit planning process for the next financial year would be ready for consideration when the plan is presented to the next meeting.

S106 and CIL payments were of concern to Members. Officers explained that a new system had been introduced for processing these payments, which was being reviewed to ensure the payments were being processed correctly, although there was still further work to be carried out.

Concern was also expressed about the control of ICT accounts with administrative privileges. Committee sought reassurance that procedures were in place for the correct closing down of accounts when necessary. Officers explained that robust procedures were in place and people were taken off the network, access removed and accounts closed immediately.

Commissioning/procurement training was taking place.

**RESOLVED that the comments made by Committee be noted.**

## **9 Annual Audit Letter**

Grant Thornton introduced the report explaining that an unqualified opinion had been issued for the accounts, although an uplift in the scale of fees, recognised the additional work which had needed to be done, due to the Pandemic.

Audit Committee  
28/January2021

The Chief Finance Officer explained that the increase in fees could be included in the next return to Government, therefore, they would see the true impact of Covid-19 on the accounts.

The Committee thanked the team at Grant Thornton for their work under very difficult circumstances.

Queries from Members and answers from Officers, included issues such as the pension fund did not invest in single properties, this was described as managed funds. The scale of risk, reflecting Government funding, around the new homes bonus, was a potential risk not an actual risk and it was felt that the audit letter should specify that. Specialist skills were required for valuation of investment properties in 2019/20, it had not yet been decided if the external audit team would need to use internal valuers in 2020/21, which would be presented in the audit plan to a future meeting. Financial sustainability, at the time of putting the plan together, the MTFS showed a combined savings plan of £3.6m to balance the budget from 2020/21 to 2022/23, although the impact of Covid-19 had put the Council in a challenging financial position.

Councillors would be kept updated on progress as to the timing of the sign off of accounts for 2020/21.

**RESOLVED that the comments from Committee on the Annual Audit Letter be noted.**

#### **10 Ubico – Governance Overview and Business Plan - Update**

The Managing Director and Finance Director of Ubico, had attended Committee to update Members. They explained that the board effectiveness review had taken place. From this review, new board members had been appointed. The new board structure took effect from February 2020.

A Risk and Audit Committee and Governance and Nominations Committee had been formed. A new annual performance review process had been introduced for all Non-Executive Directors.

A new five year vision strategy would be recommended to shareholders, next week, together with the draft 2021/22 Business Plan. Annual reports and audited accounts were published on Ubico's Website.

**RESOLVED that the report be noted, with appreciation.**

#### **11 Arrangements for Investigating Allegations under the Member Code of Conduct**

The Monitoring Officer presented this report, which made recommendations to Council on the adoption of arrangements to deal with complaints, which were covered in the recommendations to this item. The Monitoring Officer would informally consult the Town and Parish Councils as they would be covered by these arrangements. Adoption of these arrangements would ensure that the Monitoring Officer could report back to the Committee on Standards in Public Life that the Council was in compliance with these recommendations.

Audit Committee  
28/January2021

Queries from Members and answers from Officers, included issues such as, a question of whether the Council should have a hearings panel or standards committee. There was no statutory requirement to have a standards committee. If the Council adopted these recommendations, all 15 requirements of the Committee on Standards in Public Life would have been complied with. Sanctions following an alleged breach of the code of conduct was set out in the report, a Member could not currently be suspended for breaches of the code.

Training on the Model Code of Conduct should be arranged and this should be rolled out to Town and Parish Councils, recommending that they adopt the model code.

It was highlighted that in Section 2 of the report, 'Making a Complaint', it stated that complaints should be made in writing by email, and whether this could be amended to allow people, who do not have access to email, to make the complaints by other means, such as a letter.

The word 'Chairperson' of Audit and Standards Committee should read 'Chair' of Audit Committee, in paragraph 12 – Revision of these Arrangements.

**RESOLVED that RECOMMENDATIONS were made to Council to:**

- a) **Note the requirement that the Committee for Standards in Public Life Best Practice recommendations should be adopted by all councils**
- b) **Note that the LGA Model Code of Conduct and the draft Arrangements implement all but two of the Best Practice recommendations**
- c) **Consider the draft Arrangements for investigating complaints appended to this report and, subject to any changes it wishes to make, recommend them to the next appropriate meeting of Council for adoption.**
- d) **Authorise the Monitoring Officer to provide town and parish councils with the proposed Arrangements for investigating complaints for information and comment prior to consideration by Council at the next appropriate meeting**
- e) **Instruct the Monitoring Officer to ensure that the register of members gifts and hospitality is updated and published quarterly**
- f) **Instruct the Monitoring Officer & Section 151 Officer to provide a report on any separate bodies set up or owned by the Council as part of the Annual Governance Statement to the committee and giving a full picture of its relationship with those bodies**
- g) **Consequent upon all of these recommendations being approved, authorise the Monitoring Officer to make a report to the Committee for Standards in Public Life that the best practice recommendations have been adopted in their entirety**

**Record of Voting - for 6, against 0, abstention 0, absent 1.**

## **12 Update to Council Contract Rules**

The Senior Procurement Business Partner highlighted that a new procurement process for officers was in place. The threshold for approving purchase orders, when three quotes had been obtained, without going to procurement, had increased from £10,000 to £25,000. All references to OJEU had been removed.

Audit Committee

28/January2021

Members highlighted references to the EU which should be removed, 2.1, threshold should be £25,000 for goods, services and supplies.

Questions relating to the climate emergency plans would be covered in tender documents, which was more of a process issue.

Paragraph 1.1.2 in the rules, contract regulations should replace EU procurement rules and reference should be made to the new procurement regulations for the UK and not the EU.

**RESOLVED that the comments from Committee be noted and forwarded to Cabinet for consideration.**

### **13 Capital, Investment and Treasury Management Strategies for 2021/22**

The Chief Finance Officer introduced the report, explaining that these strategies were part of the budget setting process and supported the financial strategy of the council.

During discussion issues were raised, such as, reduced government funding, reserves earmarked for specific items specifically, delivering charging points across the district, light railway option from Cirencester to Kemble, charges for waste containers, disabled facilities grants, recovery investment from Covid-19, money set aside for devolution and broadband, commercial activities, current running yield or purchase yield, ensure the Council had skills and experience to invest in properties, treasury management and opportunities for potential future borrowing, concern relating to corporate bonds, in relation to this officers explained that they worked closely to do due diligence with Arlingclose,

**RESOLVED that feedback from the Audit Committee, on the draft Capital, Investment and Treasury Management Strategies for 2021/22 was provided to the Cabinet for consideration as part of the Council's budget setting process.**

The meeting adjourned at 18.30 and resumed at 18.40

### **14 Corporate Risk Register Updates**

An update was given to the Committee on the Risk Register.

Members considered that risk - CRR-D01018 - If the Government did not provide adequate funding to the Council to enable the Council to fulfil new expectations of

the Council's role in preparations for the UK exit from the EU, there could be negative implications on the Council's reputation or the Council's finances, could be removed from the register. Officers explained that work was still ongoing with the transitional arrangements.

**RESOLVED that Committee notes the updates to the Council's Corporate Risk Register.**

### **15 Changes to Governance Arrangements at SWAP Internal Audit Services Ltd.**

Audit Committee  
28/January2021

The Chief Finance Officer introduced this report which explained the changes to the teckal organisation, who provided audit services to the Council and Publica.

Appointment of directors to SWAP would be a new decision taken by shareholders, and would be made as a reserve matter. It was acknowledged that appointment of directors was a practical matter and the Board should be making the appointments.

**RESOLVED that the changes to the SWAP Governance arrangements are noted; and**

**RECOMMENDED to Cabinet that delegated authority be granted to the Chief Executive to sign the updated Members Agreement.**

**Record of Voting - for 5, against 0, abstention 0, absent 2.**

**16 Consultation on the 2021/22 audit fee scale for opted-in local government and police bodies**

Consultation was taking place on the 2021/22 audit fee scale for opted-in local government and police bodies. This had been circulated to Members and the Chair asked for comments from the Committee in order for the Council's response to be given.

**RESOLVED that the Chief Finance Officer in consultation with the Chair of the Audit Committee respond on behalf of the Council.**

**Record of Voting - for 5, against 0, abstention 0, absent 2.**

**17 Work Plan 2020/21**

There were no alterations to the Work Plan, although the Chair reiterated that the briefing sessions on Audit Committee Effectiveness and Corporate Risk and Risk Policy were still to take place.

**18 Exclusion of the Public and Press**

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public and Press be excluded from the Meeting for the following item of business on the grounds that it involves likely disclosure of exempt information as defined in paragraphs (3) and (7) of Part I of Schedule 12A to the said Act:

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Paragraph 7 - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information concerned.

**Record of Voting - for 5, against 0, abstention 0, absent 2.**

Audit Committee

28/January2021

**19 Exempt Report**

The ICT, Audit and Compliance Manager gave an update on the agreed actions plans and progress made during 2020, also highlighting what activities were planned for 2021.

Member training would take place to ensure awareness of Councillors on such things as data protection and ensuring that Councillors are aware of scams which were sent in the form of phishing emails.

The Officer reassured Members that during the pandemic and staff working at home, systems were in place to ensure security was not compromised.

**RESOLVED that the report and any comments made by Committee, be noted.**

The Meeting commenced at 4.00pm and closed at 7.26pm.

Chair

(END)